

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Meeting Date: August 23, 2011**  
*Request for Resolution to Issue Refunding Revenue Bonds*

Prepared by: *Deanna Hamelin*

<b>Applicant:</b> Southern California Edison Company (SCE)	<b>Amount Requested:</b> \$30,000,000
<b>Project</b>	<b>Application No.:</b> 421
<b>Location:</b> San Diego County	<b>Resolution No.:</b> 519
	<b>Prior Actions:</b> See Exhibit I

**Summary.** Southern California Edison Company (“SCE” or the “Company”) requests approval of a Resolution to issue refunding revenue bonds for an amount not to exceed \$30,000,000.

**Borrower.** SCE is a public utility that serves nearly 14 million people in a 50,000 square-mile area of central, coastal and southern California excluding the City of Los Angeles and certain other cities. The Company was incorporated in California on July 6, 1909. All of SCE’s common stock is owned by its parent company, Edison International.

**Legal Questionnaire.** Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. As a large, regulated utility, it is not unusual to have disclosures relating to civil or administrative proceedings, examinations, or investigations by local, state or federal regulatory or enforcement agencies or state or federal taxing authorities.

CPCFA staff researched the legal violations and determined that no information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

**Prior Actions and Financings.** Prior actions and financings are on Exhibit I attached hereto.

**Background.** On September 1, 1999, CPCFA issued \$30,000,000 in Refunding Revenue Bonds for SCE 1999 Series C (the “Prior Bonds”). The Prior Bonds were issued by CPCFA for the purpose of refunding 1988 Series A Pollution Control Revenue Bonds (the “Original Bonds”). The Original Bonds were issued to finance the costs of certain facilities to dispose of sewage at the San Onofre Nuclear Generating Station (SONGS) located in San Diego County.

**Current Request.** The Company is seeking to refund the outstanding tax-exempt revenue bonds, Series 1999 C, which total \$30,000,000 and were issued pursuant to a September 1, 1999 Loan Agreement between CPCFA and SCE.

**Fees.** In accordance with CPCFA regulations, the Company will pay a CPCFA an administrative fee of \$55,000.

**Particular Requirements for Wastewater Treatment Facilities.** Section 44539 of the CPCFA Act imposes special requirements on applicants for financing of wastewater treatment plants, including submission of certain plant operational information for review by water quality

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authorities. The Borrower is in the process of satisfying those requirements. The final resolution requires evidence that Section 44539 is satisfied prior to issuance of the bonds.

**Financing Details.** The Company anticipates the issuance of a negotiated sale from CPCFA to the Underwriter, Barclays Capital, on a private placement basis. Initially, SCE will purchase the bond as a single series, and hold the bond until market conditions improve. The interest rates will reset on weekly mode. Then, once market conditions improve the Company has the option to take the bonds out to market. At that time, SCE will use its own rating to market the bonds which will be in compliance with the CPCFA and CDLAC bond issuance guidelines. Currently, the Company's rating is A+ by Fitch. The bonds will be secured by the Company's first and refunding mortgage bonds. The target date for financing is September 1, 2011.

### **Financing Team.**

**Underwriter:** Barclays Capital

**Bond Counsel:** Greenberg Traurig, LLP

**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Resolution No. 519 for Southern California Edison for an amount not to exceed \$30,000,000. This recommendation is contingent upon receipt of evidence that Section 44539 of the CPCFA Act is satisfied prior to bond issuance.

## Exhibit I

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of August 15, 2011
Southern California Edison Series 1974 Matured 7/1/1999	07/30/1974	\$ 15,030,000	\$ 0
Southern California Edison Series 1981 Refunded 9/25/1986	07/19/1981	\$ 8,300,000	\$ 0
Southern California Edison Series 1984 A Refunded 5/1/1986	02/18/1984	\$ 196,000,000	\$ 0
Southern California Edison Series 1984 B Refunded 10/16/1987	12/01/1984	\$ 100,000,000	\$ 0
Southern California Edison Series 1985 A Redeemed 4/16/2006	11/22/1985	\$ 40,000,000	\$ 0
Southern California Edison Series 1985 B Redeemed 4/19/2006	11/22/1985	\$ 27,500,000	\$ 0
Southern California Edison Series 1985 C Redeemed 4/19/2006	11/22/1985	\$ 40,000,000	\$ 0
Southern California Edison Series 1985 D Redeemed 4/19/2006	11/22/1985	\$ 27,500,000	\$ 0
Southern California Edison Series 1986 A Redeemed 4/19/2006	04/28/1986	\$ 81,000,000	\$ 0
Southern California Edison Series 1986 B Redeemed 4/19/2006	04/28/1986	\$ 25,000,000	\$ 0
Southern California Edison Series 1986 C Redeemed 4/19/2006	04/28/1986	\$ 40,000,000	\$ 0
Southern California Edison Series 1986 D Redeemed 4/19/2006	04/28/1986	\$ 50,000,000	\$ 0
Southern California Edison Series 1986 E Refunded Series 1981	09/22/1986	\$ 8,300,000	\$ 0
Southern California Edison Series 1987 A Refunded 1984B bonds	10/15/1987	\$ 25,000,000	\$ 0
Southern California Edison Series 1987 B Refunded 1984B bonds	10/15/1987	\$ 25,000,000	\$ 0
Southern California Edison Series 1987 C Refunded 1984B bonds	10/15/1987	\$ 25,000,000	\$ 0
Southern California Edison Series 1987 D Refunded 1984B bonds	10/15/1987	\$ 25,000,000	\$ 0
Southern California Edison Series 1988 A Matured 9/1/2006	08/23/1988	\$ 30,000,000	\$ 0
Southern California Edison Series 1991 Redeemed 9/8/2005	12/04/1991	\$ 28,585,000	\$ 0
Southern California Edison Series 1992A Redeemed 9/8/2005	07/07/1992	\$ 30,000,000	\$ 0
Southern California Edison Series 1992 B Redeemed 9/8/2005	12/16/1992	\$ 190,000,000	\$ 0
Southern California Edison Series 1999 A Refunded 1987 Series A-D Bonds	09/01/1999	\$ 50,000,000	\$ 0
Southern California Edison Series 1999 B Refunded 1987 Series A-D Bonds	09/01/1999	\$ 50,000,000	\$ 0
Southern California Edison Series 1999 C	09/01/1999	\$ 30,000,000	\$30,000,000
Southern California Edison Series 1999 D Refunded 1986E Bonds	09/01/1999	\$ 8,300,000	\$ 8,300,000
<b>TOTALS:</b>		<b><u>\$1,175,515,000</u></b>	<b><u>\$38,300,000</u></b>

**FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO THE REFUNDING OF BONDS ISSUED TO  
FINANCE SEWAGE FACILITIES FOR  
SOUTHERN CALIFORNIA EDISON COMPANY**

**August 23, 2011**

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of Southern California Edison Company (the “Borrower”) for financial assistance to refund and retire all \$30,000,000 in principal amount of the outstanding California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Southern California Edison Company) 1999 Series C (the “Prior Bonds”); and

**WHEREAS**, the Prior Bonds were issued by the Authority on September 1, 1999 for the purpose of refunding the Authority’s Adjustable Tender Pollution Control Revenue Bonds (Southern California Edison Company) 1988 Series A (the “Original Bonds”), and the Original Bonds were issued to finance the costs of certain facilities to dispose of sewage at the San Onofre Nuclear Generating Station located in San Diego County, California (the “Project”); and

**WHEREAS**, the Borrower has requested the Authority to issue its revenue bonds in the aggregate principal amount of \$30,000,000 to refund and retire the Prior Bonds; and

**WHEREAS**, the proceeds of such revenue bonds will be loaned to the Borrower under a loan agreement with the Authority; and

**WHEREAS**, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought;

**NOW, THEREFORE, BE IT RESOLVED** by the California Pollution Control Financing Authority, as follows:

**Section 1.** The Project constitutes a “project” and the Borrower is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

**Section 2.** Pursuant to the Act, revenue obligations of the Authority designated as the “California Pollution Control Financing Authority Sewage Facilities Refunding Revenue Bonds (Southern California Edison Company) 2011 Series” (the “Bonds”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount of \$30,000,000, are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax-exempt mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to refinance the Project and to refund and retire the Prior Bonds.

**Section 3.** The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time on or before September 1, 2011, by negotiated sale, in a tax-exempt mode, at such price and at such interest rate or rates as he may determine, such determination to be as set forth in the Purchase Contract (as hereinafter defined).

**Section 4.** The following documents:

- (i) a loan agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower;
- (ii) an indenture of trust relating to the Bonds (the “Indenture”), between the Authority and the trustee (the “Trustee”) named in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”); and
- (iii) a bond purchase agreement relating to the Bonds (the “Purchase Contract”), among the Authority, the Treasurer, the Borrower and the underwriter named in the Term Sheet (the “Underwriter”)

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein in substantial conformance with the Term Sheet as the officer(s) of the Authority executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 5.** The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a surviving, resulting or transferee entity so long as such entity qualifies as a “participating party” as defined in the Act.

**Section 6.** The date, maturity date (September 1, 2031), interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

**Section 7.** The Bonds, when executed by the Chairman of the Authority, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated and upon payment of the purchase price thereof, to The Depository Trust Company, New York, New York, on behalf of the Underwriter in accordance with written instructions to be executed on behalf of the Authority, which instructions are hereby approved.

**Section 8.** Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all ministerial acts that they may deem necessary or advisable in order to consummate the issuance, sale or delivery of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement and the Purchase Contract. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, any certifications, including, a tax certificate.

**Section 9.** The provisions of the resolution of the Authority entitled “Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings” adopted by the Authority on December 15, 2010, apply to the documents and actions approved in this resolution.

**Section 10.** Prior to the issuance of the Bonds, the Executive Director of the Authority shall have received evidence that the Borrower has satisfied the requirements of Health & Safety Code section 44539, receipt of which shall be conclusively evidenced by the execution and delivery by the Authority of the Indenture.

**Section 11.** This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

**EXHIBIT A**

TERM SHEET

<b>Name of Issue:</b>	California Pollution Control Financing Authority Sewage Facilities Refunding Revenue Bonds (Southern California Edison Company) 2011 Series
<b>Maximum Amount of Issue:</b>	\$30,000,000 (tax-exempt)
<b>Issuer:</b>	California Pollution Control Financing Authority Sacramento, CA
<b>Borrower:</b>	Southern California Edison Company
<b>Trustee:</b>	The Bank of New York Mellon Trust Company, N.A.
<b>Underwriter:</b>	Barclays Capital Inc.
<b>Bond Counsel:</b>	Greenberg Traurig, LLP Santa Monica, California
<b>Maximum Bond Term:</b>	September 1, 2031
<b>Type of Sale:</b>	Negotiated sale to Underwriter and private placement by Underwriter to <u>Southern California Edison, will be the initial purchaser of the bonds.</u>
<b>Description of Minimum Denominations:</b>	\$100,000 and any integral multiple of \$5,000 above \$100,000 while in a Weekly Mode
<b>Financing Structure:</b>	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
<b>Not to Exceed Interest Rate:</b>	12%
<b>Letter of Credit:</b>	<del>Provided for Authorized</del> in bond documents but no Letter of Credit will be provided initially
<b>Other Credit Enhancement:</b>	First <del>and Refunding</del> Mortgage Bonds of the Borrower <u>issued under a Trust Indenture, dated as of October 1, 1923, as amended, between Southern California Edison Company and The Bank of New York Mellon Trust Company, N.A. and D.G. Donovan, as successor trustees</u>
<b>Type of Financing:</b>	Sewage facilities refunding revenue bonds

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